GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3350
ANSWERED ON:05.08.2016
Sharing Information on FDI
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Will the Minister of FINANCE be pleased to state:

(a) the strategies adopted to check entry of black money in the country from tax haven countries;

(b) whether the Government of India/Reserve Bank of India (RBI) share the information regarding Foreign Direct Investment (FDI) with the intelligence agencies and if so, the details thereof along with the reasons therefor;

(c) whether the Government is capable of taking action against the persons and institutions who are funding the companies with black money through FDI; and

(d) if so, the details thereof and if not, the reaction of the Government thereto ?

Answer

MINISTER OF STATE FOR FINANCE
(SHRI SANTOSH KUMAR GANGWAR)
(a): The Government has taken several effective measures, both by way of policy-level initiatives as well as through more effective enforcement action on the ground, to address the issue of black money, including entry of black money in the country from tax haven countries. These measures include putting in place robust legislative and administrative frameworks, systems and processes with due focus on capacity building and integration of information and its mining through increasing use of information technology. Recent such major initiatives of the Government include − (i) Constitution of the Special Investigation Team (SIT) on Black Money under Chairmanship and Vice-Chairmanship of two former Judges of Hon'ble Supreme Court, (ii) Enactment of a comprehensive new law on black money − "The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015" to specifically and more effectively tackle the issue of black money stashed away abroad, (iii) Constitution of Multi-Agency Group (MAG) consisting of officers of Central Board of Direct Taxes (CBDT), Reserve Bank of India (RBI), Enforcement Directorate (ED) and Financial Intelligence Unit (FIU) for investigation of recent revelations in Panama paper leaks, (iv) Proactively engaging with foreign governments with a view to facilitate and enhance the exchange of information under Double Taxation Avoidance Agreements (DTAAs)/Tax Information Exchange Agreements (TIEAs)/Multilateral Conventions, (v) According high priority to the cases involving black money stashed away abroad for investigation and other follow-up actions including prosecutions in appropriate cases, (vi) While focusing upon non-intrusive measures, due emphasis on enforcement measures in high impact cases with a view to prosecute the offenders at the earliest for credible deterrence against tax evasion/black money, (vii) Proactively furthering global efforts to combat tax evasion/black money, inter alia, by joining the Multilateral Competent Authority Agreement in respect of Automatic Exchange of Information (AEOI) and having information sharing arrangement with USA under its Foreign Account Tax Compliance Act (FATCA), (viii) Renegotiation of DTAAs with other countries to bring the Article on Exchange of Information to International Standards and expanding India's treaty network by signing new DTAAs and TIEAs with many jurisdictions to facilitate the exchange of information and to bring transparency, (ix) Initiation of the information technology based 'Project Insight' by the Income Tax Department for strengthening the non-intrusive information driven approach for improving tax compliance and effective utilization of available information, (x) Legislative measures including amendments in the Income-tax Act, 1961.

(b): The information and data on FDI received by Indian companies is received and maintained by RBI. This data is furnished to the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce & Industry of the Government of India on a monthly basis. DIPP processes this data and hosts it on its website after applying certain parameters. Besides, there is need based sharing of information and data on FDI with law enforcement agencies.

(c) and (d): Know your customer (KYC) details of the investor are obtained and maintained by the RBI. Further, whenever any specific case involving funding with black money through FDI is noticed, appropriate action is taken by relevant law enforcement agencies such as Income Tax Department, Enforcement Directorate, depending upon facts of the case. Such appropriate action under direct taxes laws includes investigation, assessment of income, levy of tax, interest & penalty and filing of prosecution complaints before Criminal Courts, wherever applicable.